

Message Text

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15

ORIGIN EB-07

INFO OCT-01 EA-06 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-01 TRSE-00 CIEP-01 FRB-03

OMB-01 L-02 TAR-01 /041 R

DRAFTED BY EB/NTD:AJWILLIAMS:BB

APPROVED BY EEA:LEDMOND

TEA/LHL:RWILLNER

USDA:DWILLIAMS

EA/PRC:PLINCOLN

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P 212135Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

C O N F I D E N T I A L STATE 039771

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJECT: COTTON CONTRACTS

REF: (A) STATE 29184 (B) MANILA 2101

1. REF A STATES CLEARLY THAT ANY COTTON CANCELLATIONS WERE SMALL. TO REPEAT, WE ARE NOT AWARE OF ANY ACTUAL OR IMPENDING LARGE SCALE CANCELLATIONS. SHOULD WE BECOME AWARE OF ANY, ADDRESSEE POSTS WILL BE NOTIFIED IMMEDIATELY.

2. "CANCELLATIONS ON A NEGOTIATED BASIS" MEANS THAT THE PURCHASER AGREED TO PAY THE DIFFERENCE BETWEEN THE CONTRACT PRICE AND MARKET PRICE OF THE COTTON AS QUID PRO QUO FOR CANCELLATION OF CONTRACT. THIS TYPE OF BUY-BACK ARRANGEMENT HAS GENERALLY BEEN ACCEPTABLE TO SHIPPERS BECAUSE IT ALLOWS THEM TO COVER COTTON PURCHASE OBLIGATIONS WHICH THEY HAVE MADE TO MEET CONTRACTED SALES. NO ONE HAS OPPOSED RENEGOTIATION UNDER THESE CONDITIONS. U.S. SHIPPERS HAVE
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ALSO AGREED TO POSTPONEMENT OF SHIPPING DATES WHEN MILLS

AGREE TO PAY CARRYING CHARGES. THESE TYPES OF RENEGOTIATION
SHOULD BE CLEARLY DISTINGUISHED FROM RENEGOTIATION FORCED
BY ONE OF THE CONTRACTING PARTIES TO CHANGE THE CONTRACT
TERMS TO HIS OWN ADVANTAGE. KISSINGER

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NNN

Message Attributes

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Draft Date: 21 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
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Disposition History: n/a
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Margaret P. Grafeld
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05 JUL 2006

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Subject: COTTON CONTRACTS
TAGS: ETRD, RP
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